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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/894,644	06/27/2001	Eric Saylors	KDO:196760-1	9353

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EXAMINER	
LIVERSEDGE, JENNIFER L	

ART UNIT	PAPER NUMBER
3628	

DATE MAILED: 03/24/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No. 09/894,644	Applicant(s) SAYLORS, ERIC	
	Examiner Jennifer Liversedge	Art Unit 3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *27 June 2001*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-18* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-18* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date 6/27/2001, 3/21/2002, 11/12/2003 and 4/12/2004
4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

Claim Objections

Claims 1-7 are objected to because of the following informalities: in claim 1, step d is labeled as step b, step e is labeled as step d, and step f is labeled as step e. For purposes of examination, this corrected numbering of steps has been implemented. Appropriate correction is required.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

The factual inquiries set forth in *Graham* **v.** *John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 1-6, 8-11, 13, and 15-17 are rejected under 35 U.S.C. 103(a) as being unpatentable over Pub. No. US 2002/0128921 A1 to Tarr (further referred to as Tarr), and further in view of Pub. No. US 2001/0032178 A1 to Adams et al. (further referred to as Adams).

Regarding claim 1, Tarr discloses a method for providing consumer financing (page 1, paragraph 2-6), said method comprising the steps of:

(a) receiving a completed credit application on behalf of an employed customer employed by an employer (page 2, paragraph 29);

(b) determining creditworthiness of said employed customer based at least in part on the reliability factor provided by automatic payroll deductions from said employed customer's employer (page 1, paragraphs 8-9 and 18);

(e) granting credit to said employed customer (page 2, paragraph page 1, paragraph 9); and

(f) receiving payments automatically from said employer through automatic payroll deduction from said employer (page 1, paragraphs 7 and 9).

Tarr does not disclose

(c) providing a credit-risk reducing feature for grants of credit to said employed customers;

(d) determining creditworthiness of said employed customer based at least in part on said credit-risk reducing.

However, Adams discloses

(c) providing a credit-risk reducing feature for grants of credit to said employed customers (page 2, paragraph 27);

(d) determining creditworthiness of said employed customer based at least in part on said credit-risk reducing feature (page 2, paragraph 26-27);

It would be obvious to one of ordinary skill in the art to combine the use of using risk-reducers for determining credit availability as disclosed by Adams with the loan approval and automatic payroll deduction system as disclosed by Adams. The motivation would be to create a loan which is even more secure and to offer lower interest rates to those who participate in the credit-risk reducing features.

Regarding claim 2, Tarr discloses the method further comprising the step of providing a product to said employed customer (page 1, paragraph 19; page 2, paragraph 21).

Regarding claim 3, Tarr discloses the steps of:

(a) receiving an order for said product on behalf of said employed customer (page 1, paragraph 9; page 2, paragraph 21);

(b) purchasing said product from a third party only after said step of receiving said order (page 2, paragraphs 20-21; and

(c) shipping said product to said employed customer using third party distribution (page 3, paragraph 34).

Regarding claim 4, Tarr discloses the method wherein the step of receiving said completed credit application further comprises the step of receiving said completed credit application through electronic communication media (page 1, paragraphs 2, 5 and 8; page 2, paragraphs 20-21 and 29).

Regarding claim 5, Tarr discloses the method further comprising the step of receiving confirmation information from said employer of said employed customer's employment (page 1, paragraph 9; page 2, paragraph 28).

Regarding claim 8, Tarr discloses a Virtual Reseller Credit Program, said program comprising:

(a) at leas one employed customer seeking to finance the purchase of a product having a cost (page 1, paragraph 9; page 2, paragraphs 20-21);

(b) at least one employer employing said employed customer (page 1, paragraphs 8-9);

(c) at least one lender for granting credit in the amount of said cost to said employed customer based, at least in part, on said employed customer's employment (page 1, paragraph 9; page 2, paragraph 21);

Tarr does not disclose:

(d) at least one credit-risk reducer for providing said at least one lender repayment of said credit to said lender in the event of said employed customer defaulting; and

However, Adams discloses

(d) at least one credit-risk reducer for providing said at least one lender repayment of said credit to said lender in the event of said employed customer defaulting (page 2, paragraph 27)

Neither Tarr nor Adams disclose (e) at least a portion of said cost being used to fund said credit-risk reducer. However, it would be obvious to one of ordinary skill in the art that features such as credit-risk reducers would be a part of the loan calculated as part of the e-commerce buying system. Any such add-ons, be they warrantees, taxes, credit-risk reducers, etc. would be added together and then the credit required determined. The motivation for this would be to capture all costs associated with the item before presenting the price to the purchaser to proceed with the order.

Regarding claims 6 and 9, Tarr does not specifically disclose the method wherein the step of receiving payments automatically further comprises the step of receiving payments automatically through payroll deduction via electronic communication media (to the lender by the employer). However, Tarr discloses where the system is an electronic commerce system and payroll deductions are taken automatically and purchasing is performed over the Internet and it would, therefore, be obvious to one of ordinary skill in the art that the employer's accounting system be set up to accommodate electronically forwarding the funds to the suppliers of the products sold to the employees. The motivation would be to create and manage an electronic system of accounting such that tedious methods of check generation or cash transmittal could be avoided, instead using the technology of electronic funds transfer through electronic communication media as are well known in the art.

Regarding claim 10, Tarr discloses wherein said program is implemented at least in part over electronic communications media (page 1, paragraphs 2, 5 and 8; page 2, paragraphs 20-21 and 29).

Regarding claim 11, Tarr discloses the program further comprising:

(a) a virtual reseller for receiving an order for said product on behalf of said employed customer (page 2, paragraphs 20-21);

(b) a manufacturer from whom said virtual reseller purchases said product only after said virtual reseller receives said order (page 2, paragraphs 20-21); and

(c) a distributor for shipping said product to said employed customer (page 3, paragraph 34).

Regarding claim 13, Tarr does not disclose wherein said at least one credit-risk reducer is credit insurance. However, Adams discloses wherein said at least one credit-risk reducer is credit insurance (page 2, paragraph 27). It would be obvious to one of ordinary skill in the art to combine the use of credit insurance as a credit reducer as disclosed by Adams with the purchasing system as disclosed by Tarr. The motivation would be to use insurance against the credit to insure that in the case that the employee is unable or unwilling to make payments, that the amount of remaining outstanding credit will be made available to the lender.

Regarding claim 15, Tarr discloses a method for consumer financing being implemented at least in part using electronic communication media, said method comprising:

(a) providing an arrangement for grants of credit for at least one employed customer who otherwise would not qualify for traditional credit (page 1, paragraph 8-9 and 18);

(b) confirming that said at least one employed customer's employer is willing to make automatic payroll deduction payments on behalf of said at least one employed customer (page 1, paragraph 8);

(c) granting credit to said at least one employed customer based on said at least one employed customer's employment status (page 1, paragraph 8); and

(d) receiving payments automatically through payroll deduction (page 1, paragraph 8).

Tarr does not disclose credit-risk reducing and granting credit based on credit-risk reducer. However, Adams discloses credit-risk reducing and granting credit based on credit-risk reducer (page 2, paragraph 27). It would be obvious to one of ordinary skill in the art to combine the use of using risk-reducers for determining credit availability as disclosed by Adams with the loan approval and automatic payroll deduction system as disclosed by Adams. The motivation would be to create a loan which is even more secure and to offer lower interest rates to those who participate in the credit-risk reducing features.

Regarding claim 16, neither Tarr nor Adams disclose the method further comprising the step of funding at least a portion of said credit-risk reducing arrangement using a portion of said payments. However, it would be obvious to one of ordinary skill in the art that features such as credit-risk reducers would be a part of the loan calculated as part of the e-commerce buying system. Any such add-ons, be they warrantees, taxes, credit-risk reducers, etc. would be added together and then the credit required determined. The motivation for this would be to capture all costs associated with the item before presenting the price to the purchaser to proceed with the order.

Regarding claim 17, Tarr discloses the method further comprising the step of providing said product to said employed customer by directing a third party to provide said product to said employed customer (page 1, paragraph 19; page 2, paragraph 21).

Claims 7, 12 and 18 are rejected under 35 U.S.C. 103(a) as being unpatentable over Tarr and Adams as applied to claims 1, 8 and 15 above, and further in view of "Trends in home purchase lending: Consolidation and the Community Reinvestment Act" by R. Avery et al., Feb. 1999 (further referred to as Avery). Neither Tarr nor Adams discloses the method further comprising the step of monitoring repayment of said credit. However, Avery discloses the method further comprising the step of monitoring repayment of said credit (page 3, lines 47-55). It would be obvious to one of ordinary skill in the art to combine the monitoring of credit repayment as disclosed by Avery with the purchasing and credit application systems as disclosed by Tarr and Adams. The

motivation would be that when credit is extended, it is best business practice to maintain accounting procedures in which loan repayment is monitored, in order to match assets and liabilities and to receive payments that are due against credits and loans.

Claim 14 is rejected under 35 U.S.C. 103(a) as being unpatentable over Tarr and Adams as applied to claim 8 above, and further in view of U.S. Patent No. 5,978,780 to Watson (further referred to as Watson). Neither Tarr nor Adams disclose wherein said at least one credit-risk reducer is a recourse reserve fund. However, Watson discloses wherein said at least one credit-risk reducer is a recourse reserve fund (column 9, lines 15-23). It would be obvious to one of ordinary skill in the art to combine the use of a reserve fund as disclosed by Watson with the purchasing and credit application systems as disclosed by Tarr and Adams. The motivation would be to require a set-aside amount of funds to be held in order to offset credits should the lender be in a position of reaching or nearing default on the credit repayment, such that funds would be set-aside and available.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

U.S. Patent No. 6,347,305 B1 to Watkins discloses an automatic payroll deduction option when conducting e-commerce in which the employer approves or rejects the purchase and a third-party distributes the product upon approval.

Pub. No. US 2001/0027437 A1 to Turbeville et al. in which a third party maintains and manages the risk element, transferring the risk using risk insurance away from buyers and sellers.

"Students, Teachers get Educational Boost from South Dakota Bank" in the Northwestern Financial Review on Jan. 9, 1999 in which individuals are provided loans for computers using automatic payroll deductions.

Any inquiry concerning this communication should be directed to Jennifer Liversedge whose telephone number is 571-272-3167. The examiner can normally be reached on Monday – Friday, 8:30 – 5 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Sam Sough can be reached at 571-272-6799. The fax number for the organization where the application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Jennifer Liversedge
Examiner
Art Unit 3628

HYUNG SOUGH
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600